

## **California Housing Finance Agency**

### **Notice to Public and All Interested Mortgage Lenders**

#### **Regarding 2015-2nd Mortgage Credit Certificate Program**

The California Housing Finance Agency intends to implement a Mortgage Credit Certificate (“MCC”) program to provide financial assistance to first-time homebuyers by allowing those homebuyers to take 20% of their annual mortgage interest payments as a tax credit against their personal income tax. The MCCs will be issued upon the purchase of new or existing housing located in the State of California.

This public notice serves two purposes. First, it notifies the general public concerning the establishment of the 2015 MCC Program. Secondly, it serves as a notice to mortgage lenders requesting them to contact Lender Services at (916) 326-8825 or [lendertraining@calhfa.ca.gov](mailto:lendertraining@calhfa.ca.gov) at the California Housing Finance Agency (“CalHFA”) (877-922-5432) to request an application form and learn about the requirements for participating in the program.

The MCCs will be available to eligible homebuyers, on a first-come, first-served basis, who receive mortgage loan financing from a lender for eligible homes located in the State of California. However, the program might not be available in certain geographical areas where local government entities offer an MCC program. Under the proposed procedures, MCC applicants will contact lenders to determine eligibility. A list of lenders who have filed a MCC Lender Application (a participating lender) will be available upon request or at our website at [www.calhfa.ca.gov](http://www.calhfa.ca.gov).

MCC applicants will not be required to obtain financing from lenders on the list; although to ensure compliance with federal regulations, MCC applicants must obtain financing from a lender that meets CalHFA’s lender eligibility requirements and has executed an MCC agreement with CalHFA. Under the proposed MCC program, CalHFA will limit eligible mortgages to those that either conform to GSE standards or are FHA insured. Participating lenders will be required to execute an MCC agreement with CalHFA, which will set forth the requirements and conditions to participation in the MCC program. Lenders will process loans using those procedures, with certifications and affidavits being executed at relevant points to satisfy federal requirements for a MCC.

CalHFA will review applications from participating lenders for prospective mortgagors to determine compliance with the requirements of the program and determine that MCCs remain available under the program. CalHFA will commit to issuing an MCC to the applicant and assuming no material changes occur between commitment and loan closing that would disqualify an applicant, CalHFA will issue the certificate to the applicant on or after the closing date of the mortgage loan. There is a \$500 application fee which is subject to change without notice. Additional fees may apply. No MCC will be issued prior to 90 days from the date of publication of this notice, or after the date that all of the MCCs have been allocated, and in no event later than October 1, 2015.

Among other requirements, eligibility is restricted to: (1) persons who reside in the State of California and have not owned a “principal residence” within the past three years (this requirement does not apply to buyers of homes in designated Target Areas or to eligible military veterans who have not previously received an MCC or a loan financed by certain tax-exempt housing bonds ); (2) the purchase of a residence in the State of California for occupancy by owner within 60 days after closing of the mortgage loan, not for rental or reinvestment; (3) the purchase of new or existing homes with a purchase price that does not exceed 90% (110% in Target Areas) of the average area purchase price applicable to the residence; (4) new mortgages only (no assumed or subordinated mortgages); and (5) homebuyers with total household income not exceeding the applicable area median income. More information can be obtained by calling (916) 326-8033 or by accessing CalHFA’s website at [www.calhfa.ca.gov](http://www.calhfa.ca.gov).

This notice is published in satisfaction of the requirements of Section 25 of the Internal Revenue Code of 1986, as amended and (i) Treasury Regulation Section 1.25-7T issued thereunder as to providing reasonable public notice of the eligibility requirements for MCCs and the methods by which they are issued, and (ii) Treasury Regulation 1.25-3T(j)(4) issued thereunder regarding maintaining a list of participating lenders.